



BP RGGI Statement

BP accepts the need for precautionary action to address global warming on the basis of the growing weight of scientific evidence. In 1997, BP set a target to reduce emissions from our own operations by 10% below 1990 levels and met that target, well ahead of schedule. Since then, BP has committed to stabilize its emissions while growing the business.

BP recently announced the creation of a new lower-carbon power business. The creation of BP Alternative Energy, an investment of at least \$8 billion over 10 years, significantly increases BP's investment in alternative and renewable energies. In the next three years we will grow BP's wind business from 30 MW to more than 450 MW, build two of the world's first hydrogen power and carbon sequestration projects, develop 200 MW of new installed natural gas-fired and cogeneration capacity, and increase sales of solar photovoltaic panels by at least 3 times. However, for projects like this to proliferate, business must receive the proper policy support.

Well-designed policies that constrain GHG emissions and allow for market based mechanisms, such as trading, are one of several policy options we believe are necessary to address the issue of climate change. BP believes that it is important to develop a "common currency" for GHG emissions to facilitate least-cost solutions via abatement actions, investment, and wide-spread trading.

BP has been a leader in the development of GHG markets as a tool to reduce emissions, beginning with our own internal trading system. BP also helped to design the UK ETS and the EU ETS, and has participated in the development of RGGI through the stakeholder process and as a member of the Northeast GHG Coalition. RGGI has addressed critical design elements - such as an emissions cap with long term reduction goals, provision for the use of emission offsets, and linkage to the EU ETS - in the MOU which outlines the program. BP will continue to work with the RGGI states and the Northeast GHG Coalition to recommend solutions to other outstanding issues critical to the viability of the program. Markets based on sound fundamentals are the first step toward establishing a single global currency and linked global systems..

However, there is no single technology or policy option that will solve the challenge of global climate change. Rather, a wide variety of options must be pursued in order to achieve the goal of stabilization of GHG in the atmosphere. Additional policies that enable the development of low carbon businesses and technologies - and that allow these new applications to begin to compete with long established and accepted technologies in terms of cost, performance and convenience - are necessary. Moreover, government policy should provide for the development of increased supplies of clean fuels, such as clean-burning natural gas, as secure, reliable supplies of clean fuels will encourage the displacement of fuels which emit higher GHG emissions.